

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY CARACAS PRIORITY

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E.O. 11652: N/A

TAGS: BEXP, VE

SUBJECT: PETROLEUM/GAS EXPLORATION REFINING EXHIBITION

REF: STATE A-4670; STATE 292535; CARACAS 12028

1. U.S. DOC CONCERNED WITH POSTS TIMING AND APPROACH TO SUBJECT EVENT, ESPECIALLY SINCE POSSIBILITY OF SCHEDULING EVENT HAS BEEN UNDER DISCUSSION PAST FIVE MONTHS. SOME TIME AGO USDOC ASKED POST TO CONSULT WITH APPROPRIATE ENTITIES IN PRIVATE SECTOR AND GOV TO DETERMINE ATTITUDES TOWARD PROPOSED EXHIBITION. USDOC ALSO CONCERNED WITH APPARENT DELAY IN REVIEW OF MARKET RESEARCH SPECIFICATIONS WHICH HAVE BEEN AT POST FOR THREE WEEKS. COMMENTS ON YOUR PROPOSALS AND BACKGROUND INFORMATION FOLLOW.

2. BACKGROUND: THIS THEME WAS IDENTIFIED AS AN ALTERNATE EXHIBITION THEME IN JUNE 1977 DURING CCP CONSULTATIONS WITH CMM BREWER. AT THAT TIME POST APPROVED THEME, ALONG UNCLASSIFIED

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WITH OTHER THEMES AS BEING APPROPRIATE FOR CONTRACT MARKET RESEARCH. AN ADVANCE COPY OF THE MARKET RESEARCH REQUEST WENT TO POST ON NOV. 16. DURING THE LAST TWO TO THREE MONTHS, CMM BREWER ASKED POST TO UNDERTAKE PRELIMINARY REVIEW OF PETROLEUM THEME, MAKING APPROPRIATE CONTACTS, AND

ADVISE. THIS IS THE ACTION NOW PROPOSED BY CARACAS

12028.

3. DURING THE LAST SEVERAL WEEKS A SIMILAR EXHIBITION WAS ORGANIZED FOR MEXICO. OVER 100 EXHIBITORS (PARTICIPANTS AGREEMENTS) WERE SECURED AND AT LEAST TEN COMPANIES ARE ON THE WAITING LIST FOR THIS JANUARY 1978 EVENT. THE PROJECT OFFICER WORKING ON THE MEXICO EVENT TOOK ADVANTAGE OF HIS CONTACTS TO ASK U.S. COMPANIES IF THEY WOULD BE INTERESTED IN VENEZUELA IN JANUARY 1979. THE RESPONSE WAS SUFFICIENTLY POSITIVE TO ENCOURAGE USDOC TO ADD EVENT TO SCHEDULE.

4. INDUSTRY POLLING FOR MARKET RESEARCH REQUEST: USDOC ALSO POLLED TWENTY FIRMS FORMALLY IN SUPPORT OF THE MARKET RESEARCH REQUEST. THIS IS KNOWN AS A NUMBER ONE POLL. ALL TWENTY COMPANIES CHARACTERIZED THIS AS A GOOD MARKET, SOME AS A MARKET BETTER THAN MEXICO. IN FACT, VENEZUELA AND MEXICO ARE THE ONLY REALLY GOOD MARKETS FOR THE COMPANIES AT PRESENT. THE PUBLISHER OF OIL AND GAS JOURNAL, WORLD OIL, PIPELINE INDUSTRIES AND OTHER RELATED MAGAZINES RECOMMENDED A TECHNICAL SEMINAR WITH AN EXHIBITION. SEVERAL POLLED COMPANIES SUPPORTED THIS VIEW.

5. COMPANIES POLLED INCLUDED BOLT ASSOCIATES, INC, GROUSE-HINDS CO., PERRY OCEANOGRAPHICS, INC., DALLAS-JETCO INC., CAT PUMPS CORP., AFTON PUMPS, INC., KUSTER CO., SOUTHWEST UNCLASSIFIED

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WELDING CO., AL GEORGE, INC., GENERAL OCEANOGRAPHICS, INC., MARK CONTROLS CORP., CUBIC WESTERN DATA, MILLER ELECTRIC MFG., ECKEL INTERNATIONAL, INC., WESTERN GEAR CORP., C.E. NATCOX COMBUSTION ENGINEERING, INC., ADVANCE BRUSHES INTERNATIONAL, DETAVAL TURBINE, INC., ROCKWELL INTERNATIONAL, AND DRESSER INDUSTRIES, INC. COMPANIES POLLED INCLUDED A REPRESENTATIVE SAMPLE COVERING EXPLORATION, PRODUCTION, REFINING AND SERVICES. DUPONT INSTRUMENTS DIVISION, A PARTICIPANT IN INSTRU-QUIPOS, SUGGESTED A PETROLEUM EXHIBITION BE HELD.

6. A SECOND POLL OF TWENTY COMPANIES WILL BE CONDUCTED BY U.S. DOC THE WEEK OF DECEMBER 19 TO DETERMINE SPECIFIC INTEREST IN THE EVENT AS CURRENTLY SCHEDULED. DETAILED RESULTS WILL BE CABLED TO THE POST IMMEDIATELY. WE BELIEVE THERE IS MORE THAN SUFFICIENT INTEREST BY U.S. INDUSTRY IN THIS EVENT, THAT THE ENTIRE EXHIBIT HALL CAN BE FILLED AND THAT CONSIDERABLE OUTSIDE SPACE SOLD. U.S. COMPANIES APPEAR TO KNOW THE VENEZUELA MARKET AND THEY APPEAR WILLING TO PARTICIPATE.

7. OBVIOUSLY, THE INTEREST OF THE COMPANIES IS OF NO VALUE IF GOV OFFICIALS, PETROVEN AND THE OPERATING COMPANIES, THE PRIVATE SECTOR, LOCAL AGENTS AND DISTRIBUTORS ARE ALL AGAINST THE PROJECT. THEREFORE, THE POST SHOULD CONDUCT ITS SURVEY IN THE SHORTEST POSSIBLE TIME. YOUR APPROACH SHOULD BE POSITIVE, I.E. U.S. INDUSTRY IS INTERESTED IN PRESENTING THE LATEST TECHNOLOGY IN AN EXHIBITION WHICH WILL FEATURE TECHNICAL SEMINARS. A WEAK APPROACH, I.E. WHAT DO YOU WANT OR SHOULD WE DO SOMETHING, IS NOT GOING TO SERVE THE PURPOSE OF DETERMINING THE VIABILITY OF THIS PROJECT OR SERVING THE BEST INTEREST OF INDUSTRY.

8. FYI THE MEXICAN ENTITY PEMEX IS FULLY SUPPORTING THE UNCLASSIFIED

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EVENT, WILL ACCOMMODATE STAFF ATTENDANCE AT THE EXHIBITION, PROVIDED FUTURE PROJECT INFORMATION, SHOPPING LISTS OF EQUIPMENT REQUIREMENTS AND ASSISTED IN PUBLICITY. WE WOULD HOPE THE VENEZUELAN RECEPTION TO THE EVENT WOULD BE SIMILAR.

9. MARKET RESEARCH : USDOC APPRECIATES POST CONCERN ON MARKET RESEARCH SPECIFICATIONS AND WOULD APPRECIATE YOUR RECOMMENDATIONS. HOWEVER, OUR EXPERIENCE WITH ENERGIA '78 LEADS US TO BELIEVE THAT PROJECT, INFRASTRUCTURE AND ORGANIZATION RESEARCH MAY WELL LEAD TO SEVERE PROBLEMS. AS POST IS AWARE RESEARCH FOR ENERGY SHOW CONCENTRATED ONLY ON MAJOR PROJECTS AND RELATED EQUIPMENT. AS A RESULT NEITHER USDOC NOR THE POST HAVE BEEN ABLE TO ATTRACT SUPPLIERS OF SMALL TO MEDIUM GENERATOR AND RELATED EQUIPMENT NOR ELECTRICAL DISTRIBUTION EQUIPMENT WHICH IS MAJOR COMPONENTS OF ELECTRON ELECTRIC ENERGY FIELD SALES IN BOTH PUBLIC AND PRIVATE SECTORS OF VENEZUELAN ECONOMY. AT ONE POINT WE WERE ACTUALLY IN DANGER OF LOSING AN EXHIBITION BECAUSE WE DO NOT HAVE EQUIPMENT/PRODUCT ORIENTED RESEARCH. COMPANIES WHO HAD MADE PRELIMINARY COMMITMENTS BACKED OUT AFTER RECEIVING THE PROJECT ORIENTED RESEARCH.

10. USDOC AGREES THAT SUBSTANTIAL SALES OPPORTUNITIES EXIST IN OIL FIELD SERVICE AND ENGINEERING/CONSULTING AREAS AND WE WOULD HOPE THESE COMPANIES WOULD BE ATTRACTED TO THE EVENT. INFORMATION CONTAINED IN THE POST'S OCTOBER 1977 PETROLEUM REPORT, ESPECIALLY UNDER PRODUCTION, REFINING AND TRANSPORT SECTION AND THE EXPLORATION DEVELOPMENT AND RESEARCH SECTION IS THE TYPE OF DATA NEEDED TO ATTRACT THE ENGINEERING/CONSULTING FIRMS.

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WE WOULD ASSUME THAT ANY GOOD RESEARCH COMPANY WOULD INCLUDE THIS TYPE DATA IN THE MARKET RESEARCH REQUESTED FOR THE STUDY OF EQUIPMENT REQUIREMENTS. IN SUMMARY, IT IS OUR EXPERIENCE THAT MAJOR PROJECT RESEARCH ONLY LOOKS AT TODAY'S MARKET. GROWTH PROJECTIONS, BOTH SHORT AND LONG RANGE, ARE REQUIRED TO ATTRACT PROSPECTIVE EXHIBITORS.

11. USDOC AGREES THAT REFINERY EQUIPMENT SHOULD BE INCLUDED IN MARKET RESEARCH. SPECIFICATIONS FOR THIS SECTOR WILL BE FORWARDED WITHIN APPROXIMATELY 14 DAYS AND POST WILL BE ADVISED.

12. USDOC CAN LIVE WITH MID-APRIL MARKET RESEARCH DATE. THE JANUARY 1979 DATE FOR AN EXHIBITION IS THE ONLY TIME DURING THE YEAR WHEN THERE ARE NO MAJOR CONFLICTS. IN FACT, JANUARY IS THE ONLY MONTH WITHOUT CONFLICTS. MEXICO WILL REPEAT THEIR EXHIBITION IN JANUARY 1980. THEREFORE, NEXT AVAILABLE DATE FOR CARACAS EVENT WOULD BE JANUARY 1981. GIVEN SUBSTANTIAL INVESTMENTS TO BE MADE IN 1978, 79 AND 80, USDOC CONVINCED THIS OPPORTUNITY SHOULD NOT BE LOST IF GOV, PETROVEN, ETC. ARE SUPPORTIVE.
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